

By: Hochberg

H.B. No. 2485

A BILL TO BE ENTITLED

AN ACT

relating to public school finance.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 21.402(d), Education Code, is amended to read as follows:

(d) A classroom teacher, full-time speech pathologist, full-time librarian, full-time counselor certified under Subchapter B, or full-time school nurse employed by a school district in the 2010-2011 school year is, as long as the employee is employed by the same district, entitled to a salary that is at least equal to the salary the employee received for the 2010-2011 school year, except for any school year when the amount of total state and local funding for all school districts and open-enrollment charter schools through the Foundation School Program, as defined by Chapters 41 and 42, is less than the same amount calculated for the 2010-2011 school year, as determined by the Commissioner not later than June 1 of each year. Notwithstanding Section 21.001, this determination may not be made by a person other than the Commissioner.

SECTION 2. Section 41.002(a), Education Code, is amended to read as follows:

(a) A school district may not have a wealth per student that exceeds:

(1) the wealth per student that generates the amount

1 of maintenance and operations tax revenue per weighted student
2 available to a district with maintenance and operations tax revenue
3 per cent of tax effort equal to the [~~maximum~~] amount provided per
4 cent under Section 42.101, for the district's maintenance and
5 operations tax effort equal to or less than \$1.06 [~~the rate equal to~~
6 ~~the product of the state compression percentage, as determined~~
7 ~~under Section 42.2516, multiplied by the maintenance and operations~~
8 ~~tax rate adopted by the district for the 2005 tax year~~]; or

9 (2) [~~the wealth per student that generates the amount~~
10 ~~of maintenance and operations tax revenue per weighted student~~
11 ~~available to the Austin Independent School District, as determined~~
12 ~~by the commissioner in cooperation with the Legislative Budget~~
13 ~~Board, for the first six cents by which the district's maintenance~~
14 ~~and operations tax rate exceeds the rate equal to the product of the~~
15 ~~state compression percentage, as determined under Section 42.2516,~~
16 ~~multiplied by the maintenance and operations tax rate adopted by~~
17 ~~the district for the 2005 tax year, subject to Section 41.093(b-1),~~
18 ~~or~~

19 (3)] the product of "GL" multiplied by 10,000, where
20 "GL" is defined in Section 42.302 [~~\$319,500~~], for the district's
21 maintenance and operations tax effort that exceeds \$1.06 [~~the first~~
22 ~~six cents by which the district's maintenance and operations tax~~
23 ~~effort exceeds the rate equal to the product of the state~~
24 ~~compression percentage, as determined under Section 42.2516,~~
25 ~~multiplied by the maintenance and operations tax rate adopted by~~
26 ~~the district for the 2005 tax year~~].

27 SECTION 3. Section 41.099, Education Code, is amended to

1 read as follows:

2 Sec. 41.099. LIMITATION. (a) Sections [~~41.002(e),~~] 41.094
3 and [~~7~~] 41.097 [~~7~~ and ~~41.098~~] apply only to a district that:

4 (1) executes an agreement to purchase all attendance
5 credits necessary to reduce the district's wealth per student to
6 the equalized wealth level;

7 (2) executes an agreement to purchase attendance
8 credits and an agreement under Subchapter E to contract for the
9 education of nonresident students who transfer to and are educated
10 in the district but who are not charged tuition; or

11 (3) executes an agreement under Subchapter E to
12 contract for the education of nonresident students:

13 (A) to an extent that does not provide more than
14 10 percent of the reduction in wealth per student required for the
15 district to achieve a wealth per student that is equal to or less
16 than the equalized wealth level; and

17 (B) under which all revenue paid by the district
18 to other districts, in excess of the reduction in state aid that
19 results from counting the weighted average daily attendance of the
20 students served in the contracting district, is required to be used
21 for funding a consortium of at least three districts in a county
22 with a population of less than 40,000 that is formed to support a
23 technology initiative.

24 (b) A district that executes an agreement under Subsection
25 (a)(3) must pay full market value for any good or service the
26 district obtains through the consortium.

27 SECTION 4. Section 42.101, Education Code, is amended to

1 read as follows:

2 Sec. 42.101. BASIC ALLOTMENT. (a) For each student in
3 average daily attendance, not including the time students spend
4 each day in special education programs in an instructional
5 arrangement other than mainstream [~~or career and technology~~
6 ~~education programs~~], for which an additional allotment is made
7 under Subchapter C, a district is entitled to an allotment equal to
8 [~~the lesser of \$4,765 or~~] the amount that results from the following
9 formula:

$$10 \qquad \qquad \qquad A = \$4,530 \times \text{"DT1R"} \times \text{"SPVG"} \\ 11 \qquad \qquad \qquad [\del{A = \$4,765 \times (\text{DCR}/\text{MCR})}]$$

12 where:

13 "A" is the allotment to which a district is entitled;

14 "DT1R" is the district tier one tax rate, which is the lesser
15 of:

16 (1) the number of cents in the district's effective
17 maintenance and operations tax rate, divided by 100; or,

18 (2) 1.06; and

19 "SPVG" is the statewide property value growth, which is
20 greater of:

21 (1) the average statewide property value per weighted
22 student for the prior year, divided by the average statewide
23 property value per weighted student for the 2012-2013 school year;

24 or,

25 (2) 1.

26 ~~["DCR" is the district's compressed tax rate, which is the~~
27 ~~product of the state compression percentage, as determined under~~

1 ~~Section 42.2516, multiplied by the maintenance and operations tax~~
2 ~~rate adopted by the district for the 2005 tax year; and~~

3 ~~"MCR" is the state maximum compressed tax rate, which is the~~
4 ~~product of the state compression percentage, as determined under~~
5 ~~Section 42.2516, multiplied by \$1.50.]~~

6 (a-1) Notwithstanding the calculation of SPVG in subsection
7 (a), SPVG is 1 for the 2011-2012 and 2012-2013 school years.

8 ~~[Subsection (a) applies beginning with the 2013-2014 school year.~~
9 ~~For the 2009-2010 through 2012-2013 school years, Subsection (a)~~
10 ~~applies, except each reference to \$4,765 in that subsection is~~
11 ~~replaced with an amount equal to the greater of:~~

12 ~~(1) \$4,765; or~~

13 ~~(2) the amount equal to the product of .0165 and the~~
14 ~~average statewide property value per weighted student.]~~

15 (a-2) Subsection (a-1) and this subsection expire September
16 1, 2013.

17 (b) A greater amount for any school year may be provided by
18 appropriation.

19 (c) For the purposes of this section, the Commissioner shall
20 determine the average statewide property value per weighted student
21 for the prior year no later than June 1. The Commissioner's
22 determination will be final for funding purposes at that time.

23 SECTION 5. Section 42.103, Education Code, is amended to
24 read as follows:

25 Sec. 42.103. SMALL AND MID-SIZED DISTRICT ADJUSTMENT. (a)
26 The basic allotment for certain small and mid-sized districts is
27 adjusted in accordance with this section. In this section:

1 (1) "AA" is the district's adjusted allotment per
2 student;

3 (2) "ADA" is the number of students in average daily
4 attendance for which the district is entitled to an allotment under
5 Section 42.101; and

6 (3) "ABA" is the adjusted basic allotment determined
7 under Section 42.102.

8 (b) The basic allotment of a school district that:

9 (1) contains at least 300 square miles; ~~[and]~~

10 (2) has not more than 1,600 students in average daily
11 attendance; and,

12 (3) is not primarily located within an area defined by
13 the United States Office of Management and Budget as a standard
14 metropolitan statistical area which has a population of 700,000 or
15 more as of January 1 of the previous year.

16 is adjusted by applying the formula:

17
$$AA = (1 + ((1,600 - ADA) \times .0004)) \times ABA$$

18 (c) The basic allotment of a school district that:

19 (1) contains less than 300 square miles; ~~[and]~~

20 (2) has not more than 1,600 students in average daily
21 attendance; and,

22 (3) is not primarily located within an area defined by
23 the United States Office of Management and Budget as a standard
24 metropolitan statistical area which has a population of 700,000 or
25 more as of January 1 of the previous year.

26 is adjusted by applying the formula:

27
$$AA = (1 + ((1,600 - ADA) \times .00025)) \times ABA$$

1 (d) The basic allotment of a school district that offers a
2 kindergarten through grade 12 program and has less than 5,000
3 students in average daily attendance is adjusted by applying the
4 formula, of the following formulas, that results in the greatest
5 adjusted allotment:

6 (1) the formula in Subsection (b) or (c) for which the
7 district is eligible; or

8 (2) $AA = (1 + ((5,000 - ADA) \times .000025)) \times ABA$.

9 (e) Repealed by Acts 2009, 81st Leg., R.S., Ch. 1328, Sec.
10 105(a)(5), eff. September 1, 2009.

11 SECTION 6. Section 42.152(a), Education Code, is amended to
12 read as follows:

13 (a) For each student who is educationally disadvantaged or
14 who is a student who does not have a disability and resides in a
15 residential placement facility in a district in which the student's
16 parent or legal guardian does not reside, a district is entitled to
17 an annual allotment equal to the adjusted basic allotment
18 multiplied by 0.22 [~~0.2~~], and by 2.41 for each full-time equivalent
19 student who is in a remedial and support program under Section
20 29.081 because the student is pregnant.

21 SECTION 7. Section 42.153(a), Education Code, is amended to
22 read as follows:

23 (a) For each student in average daily attendance in a
24 bilingual education or special language program under Subchapter B,
25 Chapter 29, a district is entitled to an annual allotment equal to
26 the adjusted basic allotment multiplied by 0.11 [~~0.1~~].

27 SECTION 8. Section 42.159, Education Code, is amended to

1 read as follows:

2 Sec. 42.159. STATE VIRTUAL SCHOOL NETWORK [~~ALLOTMENTS~~].

3 (a) In this section:

4 (1) "Electronic course" means a course that is a
5 semester in length.

6 (2) [~~"Normal course load" means the number of classes
7 or credit hours generally required to be taken by a student to
8 generate the full amount of funding provided under this chapter for
9 a student in average daily attendance, as determined by the
10 commissioner.~~

11 ~~(3)]~~ "State virtual school network" means the system
12 established under Chapter 30A.

13 (b) [~~For each student who successfully completes an
14 electronic course that satisfies a curriculum requirement for
15 graduation adopted under Section 28.025 and is provided through the
16 state virtual school network as part of a normal course load:~~

17 ~~(1) the school district or open-enrollment charter
18 school that provided the course is entitled to an allotment of \$400,
19 and~~

20 ~~(2) the school district or open-enrollment charter
21 school in which the student is enrolled is entitled to an allotment
22 of \$80 to reimburse the district or school for associated
23 administrative costs.~~

24 ~~(c)]~~ A juvenile probation department or state agency is
25 entitled to receive state funding comparable to the funding
26 described by Subsection (c) [~~(b)(2)]~~ for students under the
27 supervision of the department or agency.

1 (c) [~~(d)~~] For each student who successfully completes an
2 electronic course that satisfies a curriculum requirement for
3 graduation adopted under Section 28.025, is provided through the
4 state virtual school network, [~~and exceeds a normal course load,~~]
5 including an electronic course offered during the summer, the
6 school district or open-enrollment charter school that provided the
7 course may be entitled to an allotment in an amount determined by
8 the commissioner based on the amount of funds appropriated for
9 purposes of this subsection.

10 (d) [~~(e)~~] The commissioner may set aside an amount not to
11 exceed 50 percent of the total funds appropriated for allotments
12 under Subsection (c) [~~(d)~~] and use that amount to pay the costs of
13 providing through the state virtual school network electronic
14 courses through which students may recover academic credit for
15 courses in which the students were previously unsuccessful. The
16 commissioner may reserve a portion of the set-aside amount for
17 payment of the costs of providing electronic courses described by
18 this subsection to students in alternative education settings. For
19 purposes of this subsection, students in alternative education
20 settings include students in disciplinary alternative education
21 programs under Section 37.008, students in juvenile justice
22 alternative education programs under Section 37.011, and students
23 under the supervision of a juvenile probation department, the Texas
24 Youth Commission, or the Texas Department of Criminal Justice.

25 (e) [~~(f)~~] The commissioner may not provide partial funding
26 under this section to a school district or open-enrollment charter
27 school under Subsection (c) [~~(b) or (d)~~] on the basis of a student

1 who successfully completes one or more modules of an electronic
2 course but does not successfully complete the entire course.

3 (f) [~~(g)~~] Amounts received by a school district or
4 open-enrollment charter school under this section are in addition
5 to any amounts to which the district or school is entitled to
6 receive or retain under Chapter 12 or 41 or this chapter and are not
7 subject to reduction under any provision of those chapters.

8 (g) [~~(h)~~] The commissioner shall adopt rules necessary to
9 implement this section. The rules must include provisions:

10 (1) requiring a school district or open-enrollment
11 charter school that receives funding for an electronic course under
12 Subsection (c) [~~(d)~~] to reduce the amount of any fee charged for the
13 course in accordance with Section 30A.155 by an amount equal to the
14 amount of funding provided under Subsection (c) [~~(d)~~];

15 (2) prohibiting a school district or open-enrollment
16 charter school that receives funding for an electronic course under
17 Subsection (c) [~~(d)~~] from charging a fee for the course in
18 accordance with Section 30A.155 that is higher than would otherwise
19 be charged; and

20 (3) addressing division and distribution of the
21 allotment described by Subsection (c) [~~(b)(2)~~] in circumstances in
22 which a student transfers from one school district, school, or
23 other educational setting to another after beginning enrollment in
24 an electronic course.

25 SECTION 9. Section 42.252(a), Education Code, is amended to
26 read as follows:

27 (a) Each school district's share of the Foundation School

1 Program is determined by the following formula:

2
$$\text{LFA} = \text{TR} \times \text{DPV}$$

3 where:

4 "LFA" is the school district's local share;

5 "TR" is a tax rate which for each hundred dollars of valuation
6 is an effective tax rate [~~of the amount~~] equal to the [~~product of~~
7 ~~the state compression percentage, as determined under Section~~
8 ~~42.2516, multiplied by the~~] lesser of:

9 (1) \$1.06 [~~1.50~~]; or

10 (2) the district's effective maintenance and
11 operations tax rate [~~the maintenance and operations tax rate~~
12 ~~adopted by the district for the 2005 tax year~~]; and

13 "DPV" is the taxable value of property in the school district
14 for the current [~~preceding~~] tax year determined under Subchapter M,
15 Chapter 403, Government Code.

16 SECTION 10. Section 42.260(b), Education Code, is amended
17 to read as follows:

18 (b) For each year, the commissioner shall certify to each
19 school district or participating charter school the amount of[+]

20 ~~(1)]~~ additional funds to which the district or school
21 is entitled due to the increase made by H.B. No. 3343, Acts of the
22 77th Legislature, Regular Session, 2001, to:

23 (1) [~~(A)~~] the equalized wealth level under Section
24 41.002; or

25 (2) [~~(B)~~] the guaranteed level of state and local
26 funds per weighted student per cent of tax effort under Section
27 42.302[~~, or~~

1 ~~(2) additional state aid to which the district or~~
2 ~~school is entitled under Section 42.2513].~~

3 SECTION 11. Sections 42.302(a) and (a-1), Education Code,
4 are amended to read as follows:

5 (a) Each school district is guaranteed a specified amount
6 per weighted student in state and local funds for each cent of tax
7 effort over that required for the district's local fund assignment
8 up to the maximum level specified in this subchapter. The amount of
9 state support, subject only to the maximum amount under Section
10 42.303, is determined by the formula:

$$11 \qquad \qquad \qquad \text{GYA} = (\text{GL} \times \text{WADA} \times \text{DTR} \times 100) - \text{LR}$$

12 where:

13 "GYA" is the guaranteed yield amount of state funds to be
14 allocated to the district;

15 "GL" is the dollar amount guaranteed level of state and local
16 funds per weighted student per cent of tax effort, which is an
17 amount described by Subsection (a-1) or a greater amount for any
18 year provided by appropriation;

19 "WADA" is the number of students in weighted average daily
20 attendance, which is calculated by dividing the sum of the school
21 district's allotments under Subchapters B and C, less any allotment
22 to the district for transportation, any allotment under Section
23 42.158 or [7] 42.159 [~~7~~ ~~or~~ ~~42.160~~], and 50 percent of the adjustment
24 under Section 42.102, by the basic allotment for the applicable
25 year;

26 "DTR" is the district enrichment tax rate of the school
27 district, which is determined by subtracting the amounts specified

1 by Subsection (b) from the total amount of maintenance and
2 operations taxes collected by the school district for the
3 applicable school year and dividing the difference by the quotient
4 of the district's taxable value of property as determined under
5 Subchapter M, Chapter 403, Government Code, [~~or, if applicable,~~
6 ~~under Section 42.2521,~~] divided by 100; and

7 "LR" is the local revenue, which is determined by multiplying
8 "DTR" by the quotient of the district's taxable value of property as
9 determined under Subchapter M, Chapter 403, Government Code, [~~or,~~
10 ~~if applicable, under Section 42.2521,~~] divided by 100.

11 (a-1) In this section, "wealth per student" has the meaning
12 assigned by Section 41.001. For purposes of Subsection (a), the
13 dollar amount guaranteed level of state and local funds per
14 weighted student per cent of tax effort ("GL") for a school district
15 is[+]

16 ~~(1) the greater of the amount of district tax revenue per~~
17 ~~weighted student per cent of tax effort that would be available to~~
18 ~~the Austin Independent School District, as determined by the~~
19 ~~commissioner in cooperation with the Legislative Budget Board, if~~
20 ~~the reduction of the limitation on tax increases as provided by~~
21 ~~Section 11.26(a-1), (a-2), or (a-3), Tax Code, did not apply, or the~~
22 ~~amount of district tax revenue per weighted student per cent of tax~~
23 ~~effort used for purposes of this subdivision in the preceding~~
24 ~~school year, for the first six cents by which the district's~~
25 ~~maintenance and operations tax rate exceeds the rate equal to the~~
26 ~~product of the state compression percentage, as determined under~~
27 ~~Section 42.2516, multiplied by the maintenance and operations tax~~

1 ~~rate adopted by the district for the 2005 tax year; and~~
2 ~~(2)] \$31.95[, for the district's maintenance and operations~~
3 ~~tax effort that exceeds the amount of tax effort described by~~
4 ~~Subdivision (1)].~~

5 SECTION 12. Section 403.302(d), Government Code, as amended
6 by Chapter 1186 (H.B. 3676), Acts of the 81st Legislature, Regular
7 Session, 2009, is amended to read as follows:

8 (d) For the purposes of this section, "taxable value" means
9 the market value of all taxable property less:

10 (1) the total dollar amount of any residence homestead
11 exemptions lawfully granted under Section 11.13(b) or (c), Tax
12 Code, in the year that is the subject of the study for each school
13 district;

14 ~~(2) [one-half of the total dollar amount of any~~
15 ~~residence homestead exemptions granted under Section 11.13(n), Tax~~
16 ~~Code, in the year that is the subject of the study for each school~~
17 ~~district,~~

18 ~~(3)]~~ the total dollar amount of any exemptions granted
19 before May 31, 1993, within a reinvestment zone under agreements
20 authorized by Chapter 312, Tax Code;

21 (3) ~~[(4)]~~ subject to Subsection (e), the total dollar
22 amount of any captured appraised value of property that:

23 (A) is within a reinvestment zone created on or
24 before May 31, 1999, or is proposed to be included within the
25 boundaries of a reinvestment zone as the boundaries of the zone and
26 the proposed portion of tax increment paid into the tax increment
27 fund by a school district are described in a written notification

1 provided by the municipality or the board of directors of the zone
2 to the governing bodies of the other taxing units in the manner
3 provided by Section 311.003(e), Tax Code, before May 31, 1999, and
4 within the boundaries of the zone as those boundaries existed on
5 September 1, 1999, including subsequent improvements to the
6 property regardless of when made;

7 (B) generates taxes paid into a tax increment
8 fund created under Chapter 311, Tax Code, under a reinvestment zone
9 financing plan approved under Section 311.011(d), Tax Code, on or
10 before September 1, 1999; and

11 (C) is eligible for tax increment financing under
12 Chapter 311, Tax Code;

13 (4) [~~(5)~~] for a school district for which a deduction
14 from taxable value is made under Subdivision (4), an amount equal to
15 the taxable value required to generate revenue when taxed at the
16 school district's current tax rate in an amount that, when added to
17 the taxes of the district paid into a tax increment fund as
18 described by Subdivision (4)(B), is equal to the total amount of
19 taxes the district would have paid into the tax increment fund if
20 the district levied taxes at the rate the district levied in 2005;

21 (5) [~~(6)~~] the total dollar amount of any captured
22 appraised value of property that:

23 (A) is within a reinvestment zone:

24 (i) created on or before December 31, 2008,
25 by a municipality with a population of less than 18,000; and

26 (ii) the project plan for which includes
27 the alteration, remodeling, repair, or reconstruction of a

1 structure that is included on the National Register of Historic
2 Places and requires that a portion of the tax increment of the zone
3 be used for the improvement or construction of related facilities
4 or for affordable housing;

5 (B) generates school district taxes that are paid
6 into a tax increment fund created under Chapter 311, Tax Code; and

7 (C) is eligible for tax increment financing under
8 Chapter 311, Tax Code;

9 (6) [~~(7)~~] the total dollar amount of any exemptions
10 granted under Section 11.251 or 11.253, Tax Code;

11 (7) [~~(8)~~] the difference between the comptroller's
12 estimate of the market value and the productivity value of land that
13 qualifies for appraisal on the basis of its productive capacity,
14 except that the productivity value estimated by the comptroller may
15 not exceed the fair market value of the land;

16 (8) [~~(9)~~] the portion of the appraised value of
17 residence homesteads of individuals who receive a tax limitation
18 under Section 11.26, Tax Code, on which school district taxes are
19 not imposed in the year that is the subject of the study, calculated
20 as if the residence homesteads were appraised at the full value
21 required by law;

22 (9) [~~(10)~~] a portion of the market value of property
23 not otherwise fully taxable by the district at market value because
24 of:

25 (A) action required by statute or the
26 constitution of this state that, if the tax rate adopted by the
27 district is applied to it, produces an amount equal to the

1 difference between the tax that the district would have imposed on
2 the property if the property were fully taxable at market value and
3 the tax that the district is actually authorized to impose on the
4 property, if this subsection does not otherwise require that
5 portion to be deducted; or

6 (B) action taken by the district under Subchapter
7 B or C, Chapter 313, Tax Code, before the expiration of the
8 subchapter;

9 (10) [~~(11)~~] the market value of all tangible personal
10 property, other than manufactured homes, owned by a family or
11 individual and not held or used for the production of income;

12 (11) [~~(12)~~] the appraised value of property the
13 collection of delinquent taxes on which is deferred under Section
14 33.06, Tax Code;

15 (12) [~~(13)~~] the portion of the appraised value of
16 property the collection of delinquent taxes on which is deferred
17 under Section 33.065, Tax Code; and

18 (13) [~~(14)~~] the amount by which the market value of a
19 residence homestead to which Section 23.23, Tax Code, applies
20 exceeds the appraised value of that property as calculated under
21 that section.

22 SECTION 13. Sections 41.002(b), 41.002(e), 41.002(f),
23 41.002(g), 41.0041, 41.098, 42.008, 42.154, 42.156, 42.157,
24 42.160, 42.2513, 42.2516, 42.25161, 42.2517, 42.2521, 42.2522,
25 42.2523(c), 42.2524(g), 42.253(c-1), 42.261, and 42.302(f),
26 Education Code, are repealed.

27 SECTION 14. This Act takes effect immediately if it

H.B. No. 2485

1 receives a vote of two-thirds of all the members elected to each
2 house, as provided by Section 39, Article III, Texas Constitution.
3 If this Act does not receive the vote necessary for immediate
4 effect, this Act takes effect September 1, 2011.